

release will be publicly available within the next few weeks. The Commission approved a shortened comment period of 30 days from publication of the release in the Federal Register.

E. Amendments to Rule 105 of Regulation M

Rule 105 governs short selling in connection with a public offering. It is a prophylactic anti-manipulation rule that promotes a market environment that is free from manipulative influences around the time that offerings are priced. The rule fosters pricing integrity by prohibiting activity that interferes with independent market dynamics prior to pricing offerings, by persons with a heightened incentive to manipulate.

The current rule prohibits persons from covering a short sale with offering securities if the short sale occurred during a defined restricted period (usually five days) prior to pricing. The Commission is aware of strategies to conceal the prohibited covering and persistent noncompliance with the rule. Thus, in December 2006, the Commission proposed amendments that would have prohibited a person selling short during the Rule 105 restricted period from purchasing securities in the offering.

On June 20, 2007 the Commission approved amendments that would generally make it unlawful for a person to purchase in an offering covered by Rule 105 if the person sold short during the restricted period unless they made a bona fide pre-pricing purchase meeting certain conditions. The amendments will be effective 30 days from the date of publication of the release in the Federal Register.

F. Options Market Makers and the Close-Out Requirement of Regulation SHO

As we discussed in more detail during our meeting, SRO and Commission staff are currently examining options market makers for compliance with the close-out requirements of Rule 203(b)(3) of Regulation SHO.

Should you have additional questions, please do not hesitate to contact Matt Shimkus in our Office of Legislative and Intergovernmental Affairs at (202) 551-2010.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from North Dakota is being recognized for up to 30 minutes.

IRAQ

Mr. DORGAN. Mr. President, on Wednesday morning of this week, following a discussion and debate—and we had a fairly robust debate—about the issue of Iraq and the war in Iraq, on Wednesday morning of this week, the President's Homeland Security Adviser, Frances Townsend, was on the ABC "Good Morning America" program, and she said some things about al-Qaida, about terrorists, that reminded me of a period several years ago, prior to the start of the Iraq war. It reminded me of being in a room where top secret, classified briefings are given to Members of Congress—briefings by the now Secretary of State, briefings by the Vice President, briefings by the head of the CIA, Condoleezza Rice, Mr. Tenet, Vice President CHENEY, and others participated in these top secret briefings.

They told us things in those top secret briefings leading up to the decision about the authorization to use force against Iraq. They told us things we now know not to have been true.

Did they know that when they told us? I don't know. We now know, of course, that their claim that Saddam Hussein was trying to acquire yellow cake from Niger for nuclear weapons was bogus. Their claim that he was acquiring aluminum tubes to reconstitute a nuclear threat was not accurate. Their claim that he had mobile chemical weapons labs was not accurate.

By the way, on that one, it only had a single source, a man we later learned who had the code name of "Curve Ball." We also later learned that he was a fabricator and an alcoholic. Their claim was based on a single source we now discover to have been a fabricator. He was a former taxicab driver, for God's sake, in Baghdad. A single source gave rise to the description to the world and to this Congress in top secret, classified briefings that there were mobile chemical weapons laboratories in Iraq.

The list of baseless or unsupported claims goes on. The reconstitution of nuclear weapons, weapons of mass destruction, connections with al-Qaida, we now know, of course, the facts were at odds with what we were being told about these and the other claims they used to support going to war.

The reason I mention this is that at Wednesday's appearance by the President's Homeland Security Adviser, Frances Townsend, on the morning show on ABC, reminded me a bit of what we experienced several years ago from this administration. A description by Frances Townsend about terrorism and the terrorist threat and al-Qaida is completely, and was completely, at odds with what we know to be the truth.

Let me go through a bit of what the President's Homeland Security Adviser said when she was being interviewed about the National Intelligence Report issued this week.

First, the report said al-Qaida is rebuilding, retraining, and getting ready to strike in the United States again. In light of that report, Ms. Townsend was asked if she still believed the United States is winning the war against al-Qaida and terrorism. "Absolutely," she said. "Absolutely, we are winning."

She was asked about Pakistan and, specifically, about allowing al-Qaida to have a safe haven in the country of Pakistan. She said: Well, it is a sovereign country, and the President of Pakistan has been a good partner in our war against terrorism.

When asked, she said: The United States is "safer" today against al-Qaida because, she said: "We have challenged them and we are on the offensive and the game is overseas."

It is almost as if the President and his top homeland security adviser failed to read the National Intelligence Estimate. It made clear that al-Qaida is rebuilding its operational capacity and terrorism is the number one threat to our homeland. Those are the facts. That's reality.

But even if she failed to read the NIE, perhaps she could have been ex-

pected to read the newspapers, because they too have made it clear for a long time that al-Qaida is rebuilding and that the terrorists are getting ready to strike us again.

Let me go through a couple of examples.

On July 16, if one was reading in recent days, one would read an article by Joshua Partlow in the Washington Post. It said sectarian violence, a civil war, was the war in Iraq, not al-Qaida. It spelled this out with facts:

The western Baghdad district of west Rashid confounds the prevailing narrative from the top U.S. military officials that the Sunni insurgent group al-Qaida in Iraq is the city's most formidable and disruptive force. Over the past several months, the [Shiite] Mahdi Army has transformed the composition of the district's neighborhoods by ruthlessly killing and driving out Sunnis and denying basic services to residents who remain.

Pretty clear. Shiite and Sunni violence, not al-Qaida.

One might have read the newspaper reports on June 26, in the McClatchy papers:

While the U.S. presses its war against insurgents linked to al-Qaida in Iraq, Osama bin Laden's group is recruiting, regrouping, and rebuilding in a new sanctuary along the border between Afghanistan and Pakistan, senior military intelligence and law enforcement officials said. The threat from radical Islamic enclaves in Waziristan is more dangerous than that from Iraq, which President Bush and his aides called the "central front" of the war on terrorism, said some current and former U.S. officials and experts. Bin Laden himself is believed to be hiding in the region, guiding a new generation of lieutenants and inspiring allied extremist groups in Iraq and other parts of the world.

That is unbelievable. Al-Qaida is alive and well in Pakistan and Afghanistan. Let me say that again: It is "recruiting, regrouping and rebuilding" in this area. And bin Laden himself is believed to be hiding there, in that sanctuary. This is not Iraq, Mr. President. Did the President or his homeland security advisor read this article?

Or perhaps one could go back to a New York Times article in February entitled "Senior leaders of al-Qaida operating from Pakistan."

Over the past year terrorists have set up a band of training camps in the tribal regions near the Afghan border, according to American intelligence and counterterrorism officials. American officials said there is mounting evidence that Osama bin Laden and his deputy, al-Zawahiri, have been steadily building an operations hub in the mountainous Pakistani tribal area of north Waziristan.

Bin Laden and al-Qaida are "steadily building an operations hub" in Pakistan is the report.

Now, to the adviser to the President in the White House on terrorism issues, let me say this to her: August 2001, the Presidential Daily Briefing Report put in the hands of President George W. Bush one month before the attacks of September 11, the title was: "Bin Laden Determined to Strike in U.S."

That was in August of 2001, the PDB, put in the President's hands.

What was the report in July 2007? The intelligence assessment from the

U.S. National Counterterrorism Center in July 2007 says this: "al-Qaida better positioned to strike the West."

Think of that. Six years have intervened—6 years. And the President's Homeland Security Adviser, one who deals with this issue of terrorism and counterterrorism, says that we are "winning" the war on terrorism; things are going just fine; things are better. Yet, in 6 years, we go from this Presidential daily briefing entitled "Bin Laden Determined to Strike in United States" in August of 2001 to this assessment 6 years later: "Al-Qaida Better Positioned to Strike the West."

I ask the question: Are we really winning? I think we would expect the Homeland Security Adviser to be dealing with facts.

Let me describe the facts as stated by the National Intelligence Estimate. The National Intelligence Estimate was released in both a classified and unclassified version. The unclassified version says:

Al-Qaida is and will remain the most serious terrorist threat to the homeland. . . .

It went on to say:

We assess the group has protected or regenerated key elements of its homeland attack capability, including: a safe haven in the Pakistan Federally Administered Tribal Areas, operational lieutenants, and its top leadership.

Now we have a report that says Osama bin Laden and his top deputies are in a safe haven. Six years after they murdered thousands of Americans, they are in a safe haven.

There ought not be 1 square inch of ground on this planet that ought to be a safe haven for the leaders of al-Qaida. Ms. Townsend says, when asked about it, "Well, Pakistan is a sovereign country."

What does that mean? Therefore, a safe haven for al-Qaida and bin Laden must be all right? No. Absolutely not. There is no sovereignty anywhere in this world for Osama bin Laden, al-Zawahiri, and the al-Qaida leadership. There ought not be safe harbor or safe haven or sovereignty anywhere in this world for them.

What have we done? Instead of deciding to destroy Osama bin Laden, al-Zawahiri, and the al-Qaida leadership, our country decided, based on information provided by the administration that I referred to earlier, to invade Iraq. It was information we now know not to have been true—deliberate or not, I don't know, but information about yellow cake, aluminum tubes, chemical weapons labs, and about weapons of mass destruction which was not true. Based on that, we decided to take action against Iraq.

The facts are these: Al-Qaida was not in Iraq before we invaded. It is there now. But, it is not the central feature in Iraq. Our intelligence estimates tell us that. The central part of Iraq is sectarian violence, with Shia killing Sunni, Sunni killing Shia, and Shia and Sunni killing American soldiers. It is a civil war, a religious war of sorts,

with problems between the Shia and Sunni that date back many centuries.

Now people ask this question, and reasonably so: Should we, 6 years after 2001, the devastating attack against our country that killed thousands of innocent Americans, should we expect or have expected that we would have brought to justice, dead or alive, the leadership of al-Qaida and destroyed them? In my judgment, the answer to that is yes.

The Homeland Security Adviser at the White House, Francis Townsend, says: Well, we are winning. I wish that were true, but it is an assessment that comes only by ignoring all of the facts. Just read the National Intelligence Estimate.

This administration made a calculation that turns out to have been wrong on many fronts. Instead of fighting terrorism first, which I think most Americans would have understood and accepted and believed—the most critical element in the fight to provide security for our future—instead of fighting terrorism first, this administration decided to take action in other areas. We now have more than 160,000 American troops in Iraq. Many are going door to door in Baghdad today as I speak. It is the case that there is an al-Qaida presence in Iraq because Iraq has attracted terrorists. As I said, the intelligence community itself has said that is not the central feature of what is happening in Iraq. The central feature of what is going on in Iraq is the sectarian violence and a civil war.

That is why the majority of this Congress decided it is time to change course. It has not been the case that the descriptions by those who want to change course in this Chamber have said let's decide immediately, precipitously, to withdraw all troops. That is not the case. Troops would remain to fight the terrorist elements that do exist in Iraq where they can be fought successfully, for force protection, and to train Iraqi troops. After all, the Iraqi troops will be necessary and the Iraqi soldiers and the police force will be necessary to provide security in the country.

It is long past time for this country to say to the Iraqis: You now have a new government. Saddam Hussein is dead. He was executed after a trial for his crimes and atrocities. He is gone. He was a brutal dictator. But, Saddam Hussein is dead. You have a new constitution, you have a new government, and now the question remains: Do you have the will to take back your own country and provide for your own security? Are there sufficient able-bodied Iraqis to take back the security responsibilities for their country? If not, there is no amount of time in which American soldiers and this country can provide security for a country in the middle of a civil war.

So we must change course. That change in course, in my judgment, is what will allow us to fight terrorism first. If we do not do that, we will, 6

years from now, continue to read about Osama bin Laden and the al-Qaida leadership in a safe harbor or safe haven, living free, escaping justice, and planning additional attacks against this country.

My point is, what has happened, in my judgment, is wrong. The first and central fight is the fight against terrorism. We are not waging that fight because those who attacked this country previously are now in a safe haven planning additional attacks against our country. That comes from the National Intelligence Estimate, not me. That NIE represents the best assessment by our country's best intelligence professionals from 16 different intelligence agencies.

One cannot solve a problem if one is going to ignore the facts or distort the facts. I said that Ms. Townsend on Wednesday morning basically misrepresented what is happening. It seems as if she has failed to see, or refuses to see, all of the evidence that exists, the evidence we have received in the National Intelligence Estimate and other evidence as well, that al-Qaida and bin Laden are stronger today than they have been for many years.

They are getting stronger, not weaker; they are planning more attacks, not hiding; they are recruiting and rebuilding, not running; and they want to strike us again as much as they every have.

But, they are in Pakistan, in a safe haven. They are in the border area near Afghanistan, not Iraq.

It doesn't surprise me that this administration is on a course that is not the course that represents this country's best interests. President Bush has said on previous occasions that we will deal not only with the terrorists who dare attack this country, we will deal with those who harbor and feed them and house them. That was the President's statement. The President said that, as a part of our offensive against terror, we will also confront the regimes that harbor and support terrorists.

When President Bush was asked about Osama bin Laden, he said:

I don't think much about Osama bin Laden. I don't care much about bin Laden.

But, Bin Laden and al-Qaida represent the principal threat to this country. That is why Senator CONRAD and I offered the amendment we did on the Defense authorization bill last week.

The very day Ms. Townsend appeared on television, Wednesday, here is the New York Times' headline: "Same People, Same Threat." That's right, "Same People, Same Threat."

Nearly six years after the September 11 attacks, and hundreds of billions of dollars and thousands of lives expended in the name of the war on terror, we are faced with the "Same People, Same Threat" as attacked American on September 11. I pose a single, insistent question: Are we safer? This is what the New York Times reported:

. . . After years of war in Afghanistan and Iraq and targeted kills in Yemen, Pakistan,

and elsewhere, the major threat to the United States has the same name and the same basic look at 2001: al-Qaida, led by Osama bin Laden and Ayman al-Zawahiri, plotting attacks from mountain hide-outs near the Afghan-Pakistani border.

The intelligence report, the most formal assessment since the September 11 attacks about the terrorist threat facing the United States, concludes that the United States is losing ground on a number of fronts in the fight against al-Qaida and describes the terrorist organization as having "significantly strengthened over the past two years."

If ever we needed good leadership, thoughtful leadership, leadership that will act on the facts and understand the facts and not misrepresent the facts, it is now, at a time when a terrorist organization is planning additional attacks against this country. For this administration to say that things are fine, we are winning, don't worry, and there is a sovereign, apparently, safe haven for the leadership for those who plan to attack us, that is unbelievable, and it must change. If the administration won't change it, the Congress and the American people must change it.

COMPETENT LEADERSHIP

Mr. DORGAN. Mr. President, a number of us have been concerned about the issue of competence for some long while. I take no pleasure in coming to the floor to point out someone's flaws or weaknesses or areas where we are not succeeding, but it seems to me that this country has to be brutally honest with itself, and that includes this administration, in terms of what it is doing, how well, what kinds of changes are necessary to fix what is wrong to safeguard and provide security for this country.

One of the examples of serious trouble with respect to solving problems and addressing issues was the response to Hurricane Katrina. This devastating hurricane hit our country, and it laid bare a whole area of the gulf coast. It was unbelievable what it did to families, homes, and structures. The consequences of it and the cost of it and its toll on human lives and treasure are not even yet calculated.

I think everybody in this country saw what happened as a result of the response of FEMA. I come from a State in which flooding 10 years ago caused the evacuation of a city of 50,000 people—the largest evacuation of an American city since the Civil War. We understand FEMA. They rushed in in the middle of that unbelievable flood in the Red River, where almost the entire city of Grand Forks, ND, was evacuated. FEMA rushed in. Under James Lee Witt, it had become a world-class organization. It did an unbelievable job. I cannot say enough about that organization. FEMA was first rate. I think everybody in that city who was helped by that organization understood the quality of the Federal Emergency Management Agency.

Fast forward and discover that the major appointments to FEMA under

this administration were political cronies who had no experience in emergency response or preparedness. So it wasn't surprising that FEMA deteriorated dramatically as an agency, and its response to Hurricane Katrina was abysmal.

I want to describe it with one photograph, if I might. This describes what happened with respect to Katrina. I am describing this because this week something happened that finally ended the chapter on this sorry story. This man is Paul Mullinax, sitting in front of an 18-wheel truck in Florida. His truck is a refrigerated truck, and it is used to haul ice. Katrina hit, and one of the needs in the deep South, when people and property and everything was devastated and they were trying to figure out how to deal with it, they needed ice in the middle of that scorching heat. So FEMA contracted with truckers to haul ice in 18-wheel trucks, refrigerated trucks, to help the victims of Katrina.

Here is Paul Mullinax in the photo. Paul was in Florida at the time. He got a call and was invited to contract to haul ice. He drove his 18-wheeler to New York City and picked up a load of ice. Let me tell you where he went. I have a map. Paul went from Florida up to New York City to pick up some ice—in Newburg, NY. Then they told him to go to Carthage, MO, with the ice. He went there, to Missouri, to deliver ice. FEMA said, when he got there: No, we want you to go to Montgomery, AL, with your truckload of ice for the victims of Katrina.

Then he got to Montgomery, AL, and here is what happened to him. He, with over 100 other truckers, refrigerated trucks holding ice for the victims of Katrina, sat for 12 days. This is a picture of Paul Mullinax sitting in his lawn chair, with a little grill. For 12 days, he sat there. Finally, they said to him: We want you to take your ice to Massachusetts.

Think of this. Taxpayers paid over \$15,000 for this load of ice. He was told the ice was for the victims of Katrina, and hundreds of other truckers had the same circumstance. He was sent from Missouri to Alabama, sat for a dozen days on the tarmac of a military installation, and then told he should take that ice up to Massachusetts and put it in storage.

This week, 2 years later, after spending over \$20 million, that ice was taken out of storage in Massachusetts and discarded because they felt it was probably contaminated after 2 years. So finally it ends, the saga about hauling ice to the victims of Katrina.

How do I know Paul Mullinax? I asked Paul Mullinax to come to Washington to testify about what happened. He didn't want to do it. I sat in a parking lot of a grocery store one Sunday on the phone with Paul Mullinax and said: Paul, I want you to come to a hearing we are holding to tell this story. People need to understand what is wrong. Only by understanding what is wrong can we get this fixed.

Paul came up to Washington, DC, and testified before a hearing and told us what had happened. Some people wouldn't believe it. You are going to haul ice from New York to Missouri to Mississippi and then are told to offload it at a warehouse in Massachusetts, ice for the victims of Katrina? If there is one story that demonstrates the complete absurd incompetence of the response to Hurricane Katrina, it is the story of Paul Mullinax, a good American who wanted to do the right thing, and in contracting with the Federal agency that was incompetent came up with this absurd experience.

I have tried since to find out who was the decision maker in Government, who decides we are going to haul ice from New York to Massachusetts through Missouri and Mississippi that is supposed to go to victims of Hurricane Katrina, and we are going to spend all of that money and do it incompetently, who was responsible, who made those decisions, and you cannot find out who that unnamed person is who makes that kind of Byzantine decision that in my judgment fleeces the American taxpayer, that injures those who were victims of Hurricane Katrina by not getting the ice to the victims who needed it.

I wanted my colleagues to know, because I have spoken about this before, that this week at last—at long, long last—the ice that was put in storage as a result of this gross incompetence has now been discarded because they felt perhaps after 2 years the ice was contaminated.

It is a sad story, in my judgment, of the fleecing of America. My hope is we have sufficiently embarrassed and sufficiently made accountable those in FEMA and in this administration so that this will never, ever happen again. It is not what the taxpayers deserve, and it certainly isn't what the victims of Hurricane Katrina deserve.

That same incompetence, regrettably, is steeped in other areas of an administration that, as I indicated as of Wednesday morning's interview with Ms. Townsend, seems content to ignore facts.

I have come to the floor on occasion and spoken well of those who I think do a good job in this administration and elsewhere. I wish I could do that this morning. It is very important for this Congress and this country, when we see incompetence and when we see we are developing a strategy that doesn't work and is not going to work, that we must change course, we must expect better.

My hope is a group of us in Congress, through the hearings I have held on these issues and through the discussions of Senator REID and others who have worked on it in our caucus in the last couple of weeks, my hope is that we will change course with respect to the issue of Iraq, for example, which is the overriding important issue.

I hope one of the changes in course will be we decide our priorities are to